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ABSTRACT

This five-part resource guide, giving teachers clear identification of and access to economic concepts and activities, provides examples of how basic economic concepts and practices can be meaningfully and systematically incorporated in K-3 social studies. Part I lists major economic generalizations for grades K-3 to provide teachers with a systematic framework for developing their own curriculum. Part II contains classroom activities for implementing the economic generalizations at each grade level. The learning activities are intended to relate children's experiences to the economic generalizations. Part III contains sample teaching units for each grade level, including economic concepts, teaching methods, and classroom activities. Part IV lists economic terms necessary for an understanding of the major economic generalizations. Part B identifies reference and resource materials in economic education for teachers and pupils. (Author/JH)

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RESOURCE GUIDE IN ECONOMIC EDUCATION FOR SAUK RAPIDS PUBLIC SCHOOLS GRADES K-3

CENTER FOR ECONOMIC EDUCATION
ST. CLOUD STATE COLLEGE
1973

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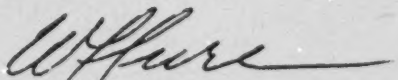
PREFACE

Economics involves everyone. We are all consumers from the very moment that our lives begin, and most of us become producers of goods and services. The inclusion of economic understandings into the social studies curriculum at the primary level must be accomplished in a systematic and meaningful way for the teacher and student. This guide offers a collection of ideas and sources from which you can select those best suited for your own classroom.

As a teacher, you must establish the instructional goals, decide how much time to devote to developing economic understanding in the curriculum, determine whether the economic ideas are to be integrated with other subjects or introduced in separate units, and tailor the ideas and learning activities contained in this resource guide to fit your particular class. The ideas suggested here have actually been tried by teachers and have been found to be effective. It is hoped that the techniques, strategies and projects described in this publication can assist you with your efforts to bring new concepts and understandings into the curriculum.

This publication is a significant contribution to the development of teaching materials for the primary level social studies program. It is my earnest hope that you will make use and benefit from these materials and that this resource guide will stimulate and assure a bounty of ideas from which to choose.



Wilmer Fure
Superintendent of Schools
Sauk Rapids, Minnesota

The teaching units contained in this resource guide were developed by a team of elementary teachers from the Sauk Rapids Public School System participating in the St. Cloud Center's Developmental Economic Education Program (DEEP). The guide provides illustrative examples of how basic economic concepts and practices can be meaningfully and systematically incorporated in the K-3 social studies curriculum and represents the essence of the work done by all of the participating teachers in the DEEP program in promoting economic understanding.

This resource guide is divided into five parts. These divisions are intended to give teachers clear identification and access to economic concepts and activities that they can implement in their own classrooms. Using the guide effectively in the classroom means using it as a supplement to, rather than a substitute for, the social studies instructional program. The activities contained in this publication were prepared specifically to assist the teachers in communicating and expanding basic economic concepts already included in their school curriculum. To maximize the impact of the activities and lessons in the classroom, therefore, may require as much teacher preparation time as any other instructional technique, a change in the teacher's approach to instruction, and supporting resource and curricular materials.

Part I is a listing of major economic generalizations for grades K-3. It is expected that these generalizations will provide teachers with a systematic framework for developing their own curriculum.

Part II contains classroom activities for implementing the economic generalizations at each grade level. For each economic generalization there are several suggested activities which teachers can draw upon to help children achieve understanding. The learning activities are intended to relate children's experiences to the economic generalizations.

Part III contains sample teaching units for each grade level. It includes descriptions and discussions about economic concepts, teaching methods and classroom activities. The information in this section will help teachers in developing material relating to the teaching of economics for their own school.

Part IV is a list of economic terms to know and understand in connection with the major generalizations and instructional units presented in the guide. Teachers may wish to omit some and add others. The teacher is advised to consult a standard textbook, economics dictionary or reference work for further details and explanations, if necessary.

Part V identifies reference and resource materials in economic education for teachers and pupils. Teachers are urged to preview any item before using it in

the classroom. These materials can be used to help children learn more about economics in general and, in particular, the economic ideas and generalizations emphasized in the resource guide.

The development and publication of this guide would not have been possible without the active encouragement and support of Mr. William Fure, Superintendent of the Sauk Rapids Public Schools, and the Minnesota State Council on Economic Education. Appreciation is also expressed to the elementary teachers in the Sauk Rapids Public School System who gave willingly of their time and materials to the project developers.

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SECTION ONE

ECONOMIC GENERALIZATIONS

Kindergarten

1. All members of a household unit are consumers, while only a few members may be producers of goods and services.

2. The performing of special tasks by individual members of a household may lead to increased economic efficiency and production.

3. Members of a household who are gainfully employed receive money income for the work they perform which they use to purchase goods and services.

4. Family income spent to satisfy economic wants influences decisions as to what goods and services will be produced.

First Grade

1. Individuals and households are faced with making economic choices because of unlimited wants and limited resources.

2. There are many specialists at work in a community employed in a variety of commercial, industrial and professional jobs.

3. Businesses transform resources into goods and services and attempt to maximize profits in carrying out production.

4. All businesses are subject to some government regulations which restrict their freedom of action and which influence how productive resources will be used.

Second Grade

1. Businesses purchase or hire resources from households and pay them income which, as consumers, they spend on the goods and services produced by businesses or save for future consumption and investment.

2. There is a flow of income from business to households and from households back to business in the form of money spent on goods and services.

3. Through specialization of labor, more work is done and more goods and services are produced than if everyone tried to do a multitude of different jobs.

4. Households pay taxes to federal, state and local governments and in return receive public services.

Third Grade

1. Because of limited resources and man's ever-increasing needs, each community must decide how to use scarce resources efficiently.

2. The use of capital goods requires savings and enables an economy to grow rapidly and to have more goods and services in the future.

3. The U.S. is increasingly tied to the rest of the world in economic and political matters.

4. How much income people will receive and thus what share of goods and services produced they can obtain depends in part on their skills.

SECTION TWO

ACTIVITIES FOR CLASSROOM APPLICATION

Kindergarten

Economic Generaliztion 1
All members of a household unit are consumers while only a few members may be producers of goods and services.

Activities

1. Introduce goods and services. Use filmstrip, "Daniel's Birthday" and "Michael's Moon Store," from the Primary Economics series to stimulate discussion.

2. With pictures from magazines, make charts showing goods and services and producers and consumers. Draw pictures of fathers and mothers at work and discuss whether they are producing goods or services.

3. Role-play activities showing producing or consuming goods and services such as washing dishes, running errands and eating dinner.

4. Discuss people that are not producers of goods and services. Make a list and tell why each one cannot produce, such as small babies, old people, and people who are ill or very disabled.

5. Everyone is a consumer: Discussion questions:
   * Is everyone in your family a consumer?
   * What goods do you consume at home?
   * What goods do you consume at school?
   * What services have we consumed today?

6. Some goods are free such as sun, rain, and air. Discuss these with the children. Use worksheet I-1 Student Activity Book for the Child's World of Choices, Grade 2. See teacher's guide, p. 2 & 3, for complete directions.

7. Use worksheet I-2 Student Activity Book for the Child's World of Choices, Grade 2. Let children decide whether a good or service is being shown in each picture. See teacher's guide, p. 4 & 5, for complete directions.

8. Cut out or draw pictures of goods and services and mount on tagboard. Have two boxes, one labeled goods, one labeled services. Have children describe their pictures and place them in the correct box.

Economic Generalization 2

The performing of special tasks by individual members of a household may lead to increased efficiency and production.

Activities

1. Read and discuss the story, "The Brown Family," Families at Work SRA Resource Unit (Grade One), Science Research Assoc., Inc., Chicago, 1964, p. 40.

2. Plan a Kool-aid party. Have the children list everything that is necessary for the production of Kool-aid (sugar, Kool-aid, water, pitcher, spoon, measuring cup, paper cups, table, labor). After collecting (buying or borrowing) the necessary ingredients, make a list of jobs to be done to produce Kool-aid. These may include:

   measure water into pitcher
   add Kool-aid
   measure and add sugar
   stir
   set up cups
   fill cups
   serve Kool-aid

3. Assign one or more children a job to be done in producing Kool-aid. Explain that these children are producers. Discuss the fact that all the children that drink the Kool-aid are consumers. To help the children understand division of labor, ask the following questions:
   * What specialized tasks do the children perform in the production of the Kool-aid? (measure the ingredients, mix the Kool-aid, serve the Kool-aid)
   * Have the children discuss what would happen if everyone attempted to make his own Kool-aid. What would happen if only one person tried to make and distribute all the Kool-aid? (It would take much longer).
   * Ask some of the children if they think they could do a better job of making the Kool-aid than distributing it. Do any of them think they could distribute it better? Should the children be assigned to the job they can do best? (Yes, they will be more efficient). Would they be able to do a job better if they do it over and over? (Yes)
   * Since the children specialized in making Kool-aid, could they also specialize in making other goods such as lemonade? (Yes, if they do specialize, they will probably produce it more efficiently).
   * Compare the division of labor in making Kool-aid to work that is done at home by members of the family.

4. Play a game to illustrate division of labor: Each child, with his hands at his hips, skips in a circle at his desk, singing to the tune of "Here We Go 'Round the Mulberry Bush." "This is the way we divide the jobs, divide the jobs, divide the jobs; this is the way we divide the jobs in our home." Then the

children name the task to be done. The teacher asks, "What shall we help Mother do?" The children may say, "Pick up toys." Then a child acts out the work as they all sing: "We help our mother pick up toys, pick up toys, pick up toys; we help our mother pick up toys in our home." And so on.

5. To help children discover the advantages of the division of labor within the home, the teacher can discuss with the class the following questions: Why does Father repair the antenna on the roof instead of Mother? Why does Mother usually cook instead of Father? Why does Mother usually cook and Mary dust?

6. To show that division of labor makes members of a family dependent on one another, children can make a mobile of pictures showing each member of the family at work. Pictures can show Mother cooking, Father repairing a faucet, a boy carrying out trash and Sister watching the baby. The dependence of each family member on the other is made visually dramatic by the fact that if one picture is taken off, the whole mobile is thrown off-balance.

Generalization 3

Members of a household who are gainfully employed receive money income for the work they perform which they use to purchase goods and services.

Activities

1. Use pictures from student drawings or magazines to illustrate what goods and services families buy with their incomes.

2. Using pictures drawn of fathers at work, ask the children why work is necessary. Bring out the idea that people work to earn income so that the family can buy things they want and need.

3. Discuss these questions when planning the assignment of room helpers for the week:
   * Does the helper need to learn a special skill?
   * Why is the job important?
   * What would happen if the job were not done?

4. Discuss the various ways in which money can be used. The discussion can bring out that money helps us to buy and sell goods, to lend, to borrow, to pay debts, to give to charity and to save for future consumption.

5. To show the advantage of money over barter, read "The Tuba Factory" by Jeanne Stone, SRA, Our Working World, Families at Work, Grade 1, p. 114. The short play on p. 111, SRA, Grade 1 is also helpful.

6. Ask the children if their fathers worked in an ice cream factory, would they like him to get ice cream instead of money? What would be wrong with this system? Would the grocery accept ice cream as payment or would the shoe salesman accept it?

Generalization 4

Family income spent to satisfy economic wants influences decisions as to what goods and services will be produced.

Activities

1. Build a bulletin board entitled, "Mountain of Wishes." Have each child draw six rocks and put a wish on each rock. (The children can draw or cut and paste pictures from magazines). All together the rocks will make an impressive mountain, illustrating that "people have a great number and variety of wants." (Children also may wish for nonexistent things). These distinctions can be made through discussion or by building new mountains of noneconomic goods and of economic goods and economic services. If the rocks are not permanently attached to the bulletin board, they can be used as a sorting game. This exercise could be entitled, "Everybody wants many things." (See The Child's World of Choices, page 6).

2. Use fairy tales and nursery rhymes to illustrate the basic economic conflict between unlimited wants and limited resources. For example: Simple Simon, Old Woman in a Shoe, Old Mother Hubbard.

3. Tales in which wishes were granted might also be discussed: Cinderella, King Midas and Rumpelstiltskin illustrate the concept of scarcity.

4. Discuss how the fulfillment of one wish can lead to other wishes or wants. For example, you want a dog; then you want a collar, a leash, a dog-house, and a dog dish. Have children think of other examples and draw a series of pictures.

5. Continuation of Mountain of Wishes. Tell the children that they can have everything on the mountain. Ask them if they have everything they need to live. Ask what else they need. Discuss the differences between things we want and things we need.

   Read and discuss the story, "Round and Round Go the Wheels," SRA, Our Working World, Familes at Work, Grade 1, p. 98.

6. Discuss how what people (families) buy helps determine what is produced. Give the children a situation in which one commodity is not bought by consumers,

but a similar item is. What will the factories or producers do? Have the children pretend they have set up a Kool-aid stand. They have two flavors, cherry and lime. Everyone wants cherry. What should they do?

7. Read the following poem entitled, "Henry's Nickel."

Henry's mother gave him a nickel to buy a treat.
He took it to the corner store that was just across the street.
The shelves were stacked with sugar stars,
With lemon drops and chocolate bars.
The shelves were piled with many things that Henry wished to buy.
He looked and thought and frowned a bit and gave a little sigh.
There were so many, many things that Henry liked to eat.
There were so many, many things, and all of them were sweet.
And then he saw the toy shelf, a yo-yo and a ball,
A cap gun and a puzzle he wished to buy them all.
But with one shiny nickel he knew he'd get just one,
So Henry made his mind up as you or I'd have done
And bought the thing he thought was best,
One thing he liked more than the rest.
I don't remember what it was, I really must confess.
But, if you know what you'd have done, perhaps you just might guess.

By attaching prices to each item and knowing Henry's income, discuss the following questions:

* What goods did Henry want? (lines 5-10)
* Why couldn't Henry buy everything he saw? (lines 1 & 11)
* Do you think Henry bought a doll? How about a cap gun? Why or why not?
* What could Henry buy? (anything that cost 5¢ or less)
* What do you think he bought?

FIRST GRADE

Economic Generalization 1

Individuals and households are faced with making economic choices because of unlimited wants and limited resources.

Activities

1. Use filmstrip "We Are All Consumers" from Economics In Our World series to stimulate discussion.

2. Have children draw or cut out pictures of 5 goods or services each costing 25¢ or less that they would like to have. Divide the class into three groups. Give each child in one group an allowance of 10¢, each child in another group 25¢, and each child in the third group 50¢. Tell the children to consider the allowance (money income) they have and the prices of the goods they want. Have them decide which goods they would buy. Ask the following questions:
   * Can you purchase all the goods you want?
   * How many can you purchase?
   * Can you purchase the item you wanted most? If not, why not?
   * What goods couldn't you purchase?

   Lead children to understand that just as individuals cannot buy everything they want, a family cannot have everything because of limited income. Discuss payment of basic economic wants for the entire family such as heat, lights, gas and food. Then, the left-over money can either be saved or used for something the family wants. The family must make the choice of what they want.

3. Read the poem "Choosing" by Eleanor Frazian, Our Working World, Families at Work, SRA, Grade 1, page 72. Have children add lines to the poem or write their own poems on making difficult choices.

Economic Generalization 2

There are many specialists at work in a community employed in a variety of commercial, industrial and professional jobs.

Activities

1. Use the filmstrip "A Collar for Patrick," Primary Economics Series. "Michael's Moon Store" from the same series has been suggested for kindergarten but also applies here.

2. Read poem "Fathers at Work" - p. 97 in Our Working World - Families at Work - 1964 edition.

3. Role play such community specialists as doctor, baker, teacher, and volunteer workers. Dramatize how they help each other. Then dramatize what would happen if they did not have the goods or services produced by one of the workers. Discuss how this affects the community.

4. Make a bulletin board display of a community. Begin with one home. This family must produce everything themselves. Then add another family. The husband in this family is very good at one job so the two men exchange skills. Continue adding community workers such as teachers, doctors, carpenters, bakers, and farmers. This will show the increasing productivity of a community.

5. Make a chart of the occupations of the mothers and fathers in the classroom. Discuss the need of each worker. Are some needed more than others? Do all help make our community better?

6. Let each child choose a favorite occupation and tell the class what it consists of and why it is important to other people in the community.

7. Let each child role-play their father or mother's occupation. Their desks can represent their work area or place of business. Each child should make a sign so the others know his occupation. Each child should also make some objects to represent his work. For instance, the doctor could make a stethoscope, and a baker could make pictures of rolls and bread and cut them out. A carpenter could have a hammer or saw. Let the children pretend they are a community. Ask the children if everything they want or need is available. If something is missing, what can they do? (Go somewhere else to a different town or find someone to move into the community to provide the goods or services needed).

Economic Generalization 3

Businesses transform resources into goods and services and attempt to maximize profits in carrying out production.

Activities

1. Read and discuss the story "The Three Businessmen," SRA, Our Working World, Families at Work, Grade 1, p. 160. Discuss how people choose the business they want to go into; the importance and use of savings for businesses and what businessmen must have to produce goods or services.

2. Show pictures of a farmer, grocer, shoe storeowner, or other businessmen. Ask what each person must have to do his job. Ask questions until the students realize each businessman needs resources such as property, buildings, workers, and materials.
   * How did they get property?
   * Can anyone who has the money buy property?
   * Can they use this property to make a living?

3. To impress upon the children that some property is better for some businesses than others tell them to pretend they are going to open a bakery. Ask them these questions:
   * Would you build where there are few people or where there are many?
   * Would you open it where you can easily get flour and milk or where it is difficult to get these?
   * Would you build where there are already many bakeries or where there are few?

   Help children understand that although people can buy property and use it to make a living, often laws limit them to its use. For instance, if a farmer buys a vacant lot in the middle of town, the town may not let him raise a herd of cows there. A factory cannot be built in a residential area.

4. Have someone who owns a business speak to the class about buying the property, how he decided to start that type of business, and any laws he had to follow to start that type of business.

Economic Generalization 4

All businesses are subject to some government regulations which restrict their freedom of actions and which influence how productive resources will be used.

Activities

1. Discuss how government pays for some services but also sets up laws to help everybody.

2. Set up a small train or bus route on a map of the U.S. Make-up a story about someone traveling from one coast to the other. At each state line, the passengers have to get off and get in a new bus or train and pay to get across that state. Some states charge very little and some a lot. Let the children suggest better ways of doing it. Discuss how the government helps regulate these types of things so everyone is happier. Mention how much more difficult this would be for planes and jets!

3. Tell a story of Mr. Smith who owned a city bus line. The people in his town didn't have a lot of money so they didn't own cars. Because they had no cars, they rode the bus to work, for shopping and to church. Mr. Smith charged 10¢ to ride his bus which was a very fair price. Mr. Smith was getting old and he wanted to retire so he sold his bus line to Mr. Loser. Mr. Loser saw how all the people either had to ride a bus or walk, so he decided he could make a lot of money if he raised the price. First, he raised it to 15¢, then to 20¢. Soon he was chargine 35¢ to ride the bus. The people thought this was very unfair, but they didn't know what to do about it. What do you think they should do? Let the children discuss the possible solutions. If the people stop riding the bus Mr. Loser wouldn't make any money. If the children don't suggest it, mention that perhaps the city council could make Mr. Loser lower his price.

SECOND GRADE

Economic Generalization 1

Businesses purchase or hire resources from households and pay them income which, as consumers, they spend on the goods and services produced by businesses or save for future consumption and investment.

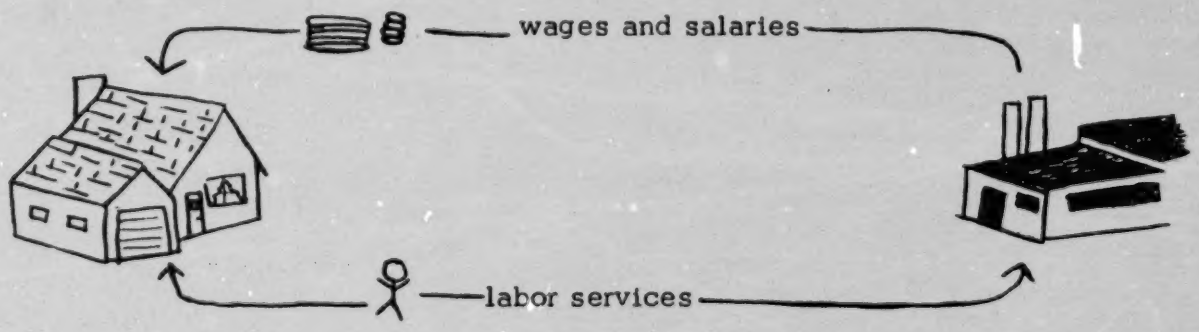
Activities

1. Use filmstrip "Working and Earning" from Economics in Our World series to stimulate discussion.

2. Discuss the fact that most families have one or more members who work for some business. Children should be aware that many factors influence a person in choosing a particular job, but that earning money income is the main reason people work outside the home. Children can be introduced to the circular flow concept by having them draw simple diagrams showing father leaving home for a day of work at some business firm and then returning home with his money income.

. Ask the following questions:

   * Does father pay mother for preparing meals and keeping the house tidy? If father did pay mother, would this increase the amount of income available to the household? Why not?
   * If your parents are working outside the home, why did they choose their particular job? Would they be willing to work for a business firm if they did not receive money income? (No, unless it is volunteer work).
   * Why are business firms willing to hire workers such as your mother and father and pay them money income?
   * If one person is less productive than another, should his wages be less?



Economic Generalization 2

There is a flow of income from business to households and from households back to business in the form of money spent on goods and services.

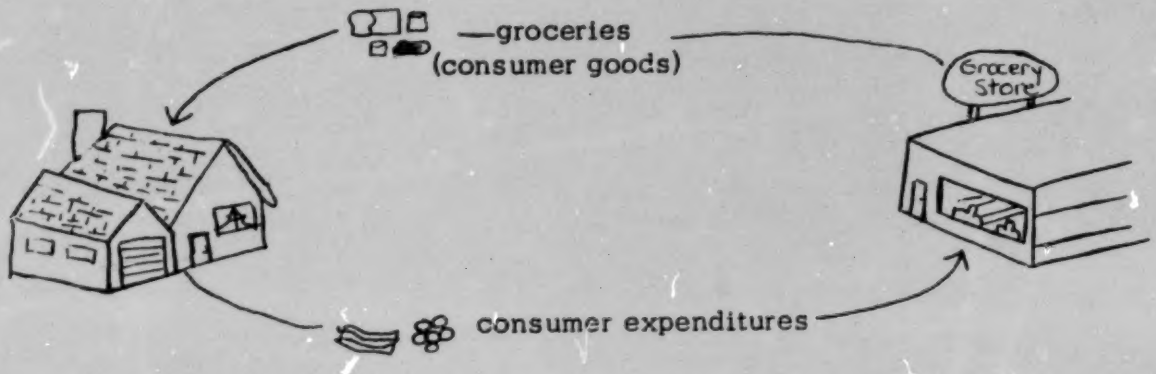
Activities

1. Have the children act out the father's role as income earner and the mother's role as purchaser of consumer goods for the household. Pay the children with play money to indicate the wages or salary father receives for working outside the home. Have the children discuss various goods which mother might purchase with this money.

   They should discuss these questions:

   * Why is father willing to accept money in exchange for his labor services? (money can be easily exchanged for a great variety of goods and services which households desire).
   * What would happen to household money income if mother as well as father worked outside the home? if father got a better job or a promotion? What would happen to the amount of consumer goods that the family could purchase?
   * What might happen to the number of household tasks that mother might be able to do? What might happen to the amount of leisure time available for mother?

   Worksheets may be made from pages 15 and 16 of Student Activity Book for The Child's World of Choices. Grade 2. See the Teacher's Guide for complete directions (pg. 34-37).



Economic Generalization 3

Through specialization of labor, more work is done and more goods and services are produced than if everyone tried to do a multitude of different jobs.

Activities

1. Use filmstrip "Specializing and Exchanging" from Economics in Our World series to stimulate discussion.

2. If possible, take a field trip to a construction site and list the workers and the jobs they are doing. Make a list of all the workers needed to complete the construction job.

3. A local contractor or representative of a building trades council can be invited to tell the class about the various specialists who are needed to build a house. He can explain how important it is that each of these specialists does his part of the work at the proper time so that the whole job can be done quickly and cheaply.

4. The class can prepare a table display showing the materials and tools used in building a home. Drawings placed on the wall behind the table can show the specialists needed to build a house. Toys, models, cutouts, samples of materials, or drawings could be used and the display may be labeled "Materials, Tools, and Specialists Needed to Build a House." After the display has been completed, the class can discuss the division of labor among many specialists and the many different kinds of building materials that are used. The class can also discuss the role of the businessman in bringing all these things together to produce homes.

Economic Generalization 4

Households pay taxes to federal, state, and local governments and in return receive public services.

Activities

1. See and discuss filmstrip "Government Goods and Services" from Economics in Our World series to stimulate discussion.

2. People acting together, rather than individually, can obtain services that they could not easily provide for themselves. Examples: police and fire protection, provision and maintenance of sidewalks, streets, schools and parks. With the aid of pictures of such things as firemen, parks, traffic lights, teachers, policemen, roads and schools, conduct a short discussion on the theme "What government provides us."

   Pertinent questions might include:

   * Does each child make his own rules of behavior in the home? in the school? in the city? Who makes the rules? Who enforces the rules or laws? Why do you think there are rules?
   * Why doesn't each family make its own laws and the father or mother act as a policeman to enforce them? Why does the government provide police services?
   * Why doesn't each family provide its own fire protection? Do you think this would be expensive? Can one family keep a fire truck and firemen busy all the time?

   Discuss the problems involved if each family owned the sidewalks and streets in front of their home. What if the family did not properly maintain these? What if the family charged other people for walking on the sidewalk or driving on the street?

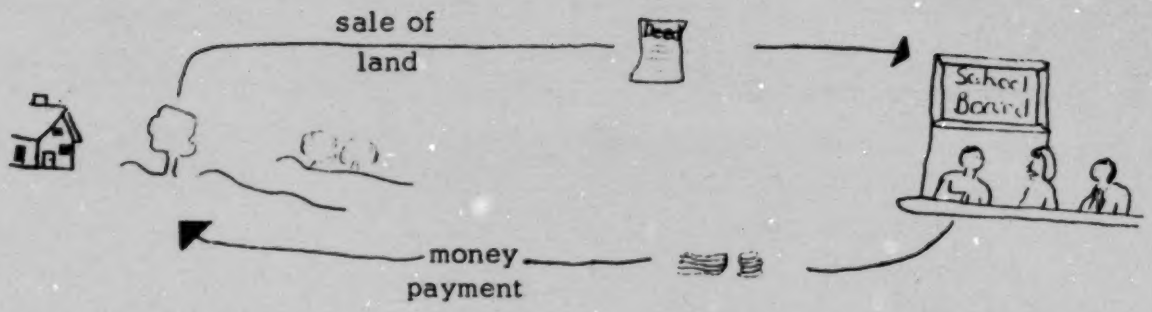
3. To bring out the importance of the goods and services that government provides for the neighborhood, the class can discuss the following questions: Suppose there were no street lights in the neighborhood. If the class agrees that street lights are important for the neighborhood, they can proceed to the question of who should pay for the street lights. Help them understand that those who benefit from the lights should pay. Everyone who passes through the neighborhood at night will benefit, for a well-lighted neighborhood is usually a safe place. Since it is difficult to find out just who benefits most from the lights, the class may conclude that taxes, through which all share the cost, are the best way to pay for the lights. Similar lines of discussion can be developed in regard to government services such as allocating land for parks, paving streets, installing sidewalks.

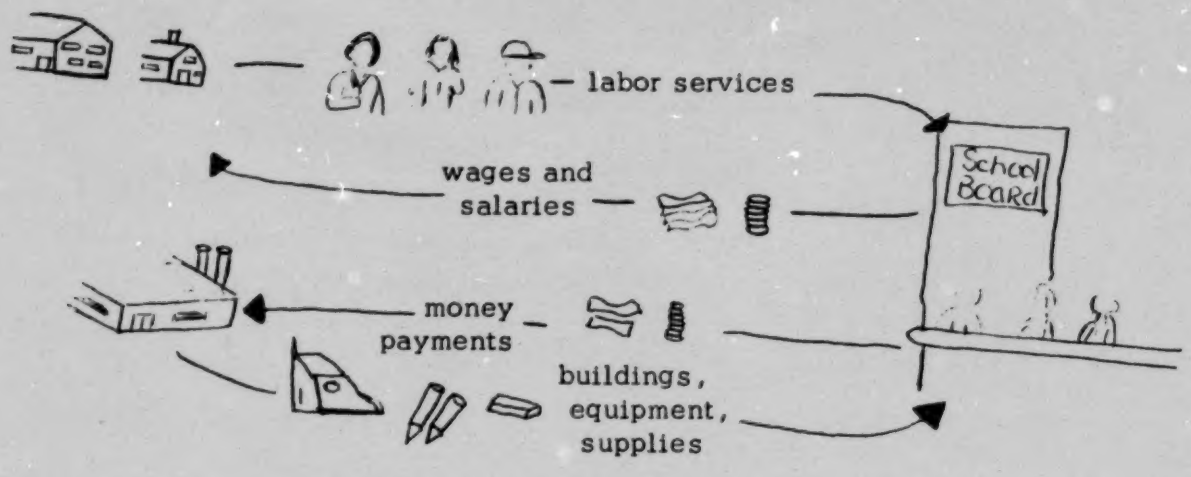
4. Each child can be assigned to draw two pictures, one showing a good or service provided by government for the neighborhood, and another showing what would happen if this good or service were not provided. The teacher can collect the pictures, keeping those of goods and services in one pile, and those of the neighborhood without the goods and services in another pile. The two piles can be shuffled and the class can match the goods and services with the situation that would result if they were not provided. Afterward the class can use the pictures to prepare a display titled "Government Produces Important Goods and Services for Our Neighborhood."

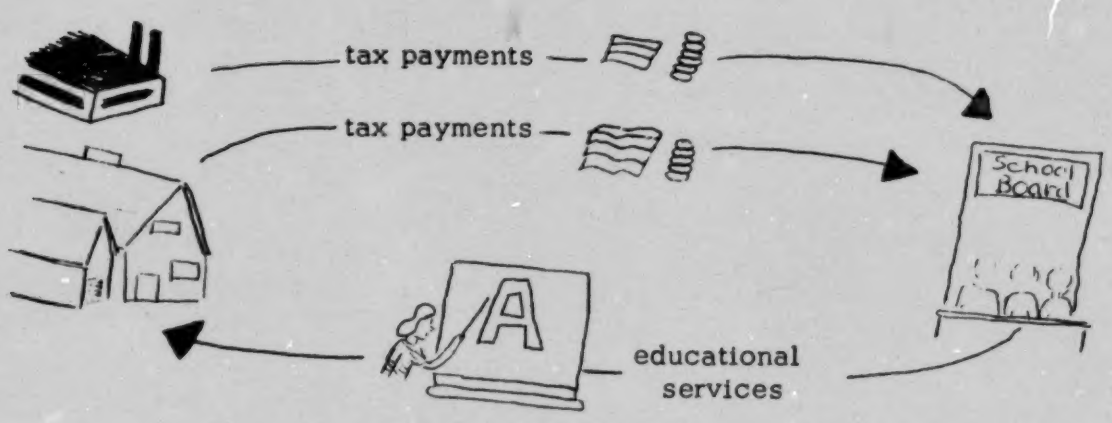
5. Have the children discuss and the teacher list the various materials, equipment, buildings, and labor required for providing their education in a public school. After the discussion, use the following questions:

* What groups of elected officials determine whether a school will be built and how it will be equipped and staffed?
* Must the school board purchase land for new schools?
* Does the school board build the school building or hire a private construction firm to do this?
* Does the school board produce the blackboards, erasers, and chalk or does it purchase them from private firms? If possible, identify these firms (labels on goods should identify the firms).
* Must the school board hire people to be teachers, administrators, and maintenance men?

6. Introduce children to simple flow diagrams showing the relationships involved in obtaining land, buildings, equipment, and the staff required for the operation of the school. After the land has been obtained, the school board must hire private businesses to build the school building. Equipment and supplies must be purchased from businesses. The school board must pay wages and salaries to households to obtain the labor and services of administration, teachers, and administration personnel. After children understand that many goods and services are required to operate a school and after they understand that these goods and services must be purchased by the school board from businesses and households, children should be introduced to the idea that school boards obtain most of their needed money income through the collection of taxes from households and businesses. Use a circular flow diagram to show the flow of taxes from households and businesses to the school board and the return flow of educational services to households. Discuss the following questions:
   * Why must money income be available for use by the school board?
   * What would happen if the amount of money income of the school board was reduced sharply?
   * How does the school board obtain its money income?
   * From what source does the school board mainly obtain its money incomes? (households and businesses)
   * What happens to the amount of household income available to buy consumer goods and services when part of the income must be paid to the school board for taxes?
   * If children waste materials furnished to them or destroy buildings and equipment, what will their families have to do to replace and repair them?







Diagrams for Activity 6

7. Have the children design a mural depicting the governmental services provided in their neighborhood, including the services of policemen, firemen, and postmen. Other services might include the furnishing of water as well as the disposal of used water, collection and disposal of rubbish, the provision of education for children, the establishment and maintenance of parks, and the building and maintenance of streets.

   After they have completed the mural, they should discuss the following questions:

   * Do all neighborhoods have sidewalks? (no) Should they have them?
   * Are streets well maintained? (generally) Could they be improved? (yes)
   * Are there parks in all neighborhoods? (no) Should there be?
   * Are schools fairly new, adequately staffed, and supplied with new teaching materials and equipment? (some are; others are not)
   * Where does the government get the money to provide these services to the neighborhood?

8. Take the class for a tax walk. Observe goods and services that the government buys with the money: streets, policemen, soldiers, bridges, schools, parks, zoos. On return from the walk, discuss why the government provides these goods and services for us with tax money rather than each family buying these by themselves.

9. Worksheets 19, 20, and 21 from Student Activity Book for The Child's World of Choices, Grade 2. Pages 44-49 in the Teacher's Guide.

THIRD GRADE

Economic Generalization 1

Because of limited resources and man's ever-increasing needs, each community must decide how to use scarce resources efficiently.

Activities

1. Introduce the meaning of limited goods and services through a discussion of these examples:
   * A worker's time and energy are limited.
   * A farmer has limited land, seed, and stock.
   * A businessman has limited money to buy materials, tools and machines.

2. Discuss and then illustrate the resources necessary in such classroom activities as building a project in the classroom or drawing pictures.

   Labor + Tools + Materials = Product

   Student + Brushes + Paper + Paint = Picture

   The teacher might explain this formula by having the child answer the following questions:

   * Can you produce a picture with nothing? (Labor)
   * Can you produce a picture with just a brush? (Tool)
   * Now, can you, the brush, and the paint and paper produce a picture? (Materials)

   Remind the children producers use resources to make things we need and want. Resources used for one thing cannot be used for another. If we waste or destroy them, they cannot be used at all.

3. Discuss the importance of conserving materials at home and at school. A dramatic illustration for classroom use that the teacher might consider could be the following: potted plant, breakable toy, gaily colored raw egg, large balloon inflated or a large sheet of colored paper. Ask the children to make suggestions regarding all the things they could do with this item. Then break it! Stress that this is a loss to everyone.

4. Have the children display some of the things they made at home or at school. Ask them to list what work they did, what tools they used, and what materials went into the article.

5. Discuss with the children that most of our goods and services are produced by businesses. Businesses receive income when they sell the products they make. They use the income to buy the resources they need. Have the children identify various products in the room or point to things that they are wearing. Who produced them or where did they get them? Have the children name or describe things in their home that came from factories or businesses. What businesses do families go to time after time? (grocery store, dentist, gas station) This list could be put on the board and a count made of children who claim to go there. Why do some families go to the same businesses time after time?

6. Worksheets may be made from page 13 of Student Activity Book for The Child's World of Choices (Labor - a scarce resource involving choice-making). See Teacher's Guide, pages 28-29, for complete directions.

7. Collect and discuss information that describes the workers in a city and the skills they have. Include information about workers who contribute to the health and education of all the people such as doctors, dentists, nurses, librarians and teachers.

8. Discuss how communities make use of their natural resources such as the granite in St. Cloud (buildings, monuments, sculpture), the rivers and lakes, trees, and farm land.

9. Discuss with the children how prices help us decide how to use our resources. If the price of a product goes up, consumers will try to buy less. At the same time as the price goes down, businesses will see a possibility of earning higher profits and will try to produce more. Explain the opposite happens if the price of a product falls. Compare the prices and weights of identical name brands. Note the variations from store to store. Discuss these questions.

    * Where would you buy?
    * Why would you buy there?
    * Why are tomatoes more expensive in December than in August? (Bring out the idea of transportation, seasons, and storage.)

The True Book of Conservation, Gates, Richard, Children's Press, Chicago (1959).

Economic Generalization II

The use of capital goods requires savings and enables an economy to grow rapidly and to have more goods and services in the future.

Activities

1. Display pictures of farming, fishing, and industries. Discuss machines and tools used by the workers. Discuss how the machines and tools help the workers produce more goods.

2. Use pictures to make a display of old and new tools used about the home.

   Example: Broom and dust pan - vacuum cleaner
   Egg beater - mixer
   Needle and thread - sewing machine
   Hand saw - skill saw
   Hoe - rolotiller
   Shovel - snow blower

3. A demonstration of progress could be carried out by scattering saw dust or paper scraps on the floor and having two groups clean up - one using a broom and the other, a vacuum cleaner.

4. To help children understand that most towns are largely dependent on one or two industries and that not every small town is suitable for some industries, the teacher can read the story, "A Spaceship for Larry," (p. 53 - SRA - Our Working World, Neighbors at Work) to the class. The children should notice that Pleasantville, was a small town that wanted to attract new industry; but Pleasantville managed to find the right kind of factory for its resources. After the story has been read, the class can discuss the following questions:

   * What may have been the reasons for the shoe factory closing? (outdated machinery, inability to meet competition in price and design)
   * What did Pleasantville do to attract new industry?
   * Why did the paper factory and the cosmetics factory decide not to locate in Pleasantville?
   * Why did the electronics plant decide to locate there?

5. Discuss with the children how specialization and the use of tools help us to produce more and better goods and services. Demonstrate the use of tools in the classroom.

   Tear paper by hand and cut with a pair of scissors.

Sharpen a pencil with a knife and a pencil sharpener.
Discuss making a phone call and sending a messenger.
Use a stapler and a pin.

6. Compare the cost of old and new tools used in the classroom and at home. Guide the children in their discussion of cost, efficiency, how well the job is done and the labor-saving effect.

7. Discuss with the children which machines make work easier in their homes. Ask the children to list the number of electric motors in their home.

Economic Generalization III

The U.S. is increasingly tied to the rest of the world in economic and political matters.

Activities

1. Show filmstrip, "International Trade," (Economics in Our World, New York Times) to stimulate discussion.

2. Define these terms:
   Trade - Export - Import - International (See Economics Vocabulary Section)
   Make a chart showing the goods imported and exported by a country. After the children have a background of information about the goods that are imported and exported, discuss the reasons for trade.

3. Have the children look for things at home, or while shopping that were made in other cities or countries. Make a map of the world and show where some of the things we buy come from.

4. Discuss with the children the fact that some goods and services come from other countries. Explain different countries have different resources, that climates differ and that soils and minerals differ. Because of these differences in resources, the people in different countries tend to specialize in different goods and services. We buy some of the goods and services we use from people in those countries, and they buy some of the goods and services they use from us. Explain to the children that trade between people who live in one country and those who live in another is complicated by the fact that each country has its own money. Without international trade, we would have a hard time getting things like pineapple or bananas, and people in other countries would have a hard time getting things as wheat and lumber.

5. Make a large bulletin board or chart. Sketch in an outline map of the world. Cut out a cardboard ship leaving the harbor of each country each carrying the food (or commodity) it exports. Move the ship closer to the United States each day. When the ships reach the U.S. let the children discuss how these products are transported to markets for use by consumers.

6. Boys might be interested in bringing pictures or models of foreign cars, telling where they were made, the name of the cars, and what makes them different from American made cars.

7. Have the children pretend they are going to send a gift to a friend in a foreign country. Discuss these questions:
   * What do you think your friend would like most?
   * Can your friend get this same item in his country?

   Economics for Young People - Book 2, Elk Grove Press, Inc. (Los Angeles, 1970)

Economic Generalization IV

How much income people will receive and thus what share of goods and services produced they can obtain depends in part on their skills.

Activities

1. Read several "I Want To Be A _____" books to the class. Compare the jobs in respect to age requirements and limits, physical skills or talents, education required, danger or glamour of a job and numbers who can be employed. Rank these and other jobs with which the children are familiar, according to the pay they offer. List reasons why one job pays more than the other. (Group pay as; high, medium, low)

2. Help children think about being "grown up." Discuss what they will have to do to prepare themselves for the jobs they want.

3. Discuss with the children that businesses and governments employ workers who can produce the good or service that people buy from them. Prepare a mural which relates the type of business to the kinds of workers it seeks.

4. Discuss with the class that most of our producers are specialists. They concentrate on the production of particular goods and services, and they use special tools to make the work go faster and easier.

5. Look at the list of classroom helpers. Why are some of the jobs done by one specialist? Why are some jobs (picking up the floor) done be everyone?

6. Bring a telephone book to school. Have the children look in the yellow pages for specialists in different occupations.

7. Select books from the library showing the production of different goods and services. Divide the children into pairs and let each pair read about the production of a different good or service. Have them draw the steps involved in the production of the product on a large paper, writing a sentence or two about each step. On the back of the paper have them list all the specialists involved. Have them report to the class showing the poster and explaining the steps in production.

8. Set up an assembly line. Select two groups of five or more children. Have one group form an assembly line while the other group builds an item individually. For example, have the groups build glue and paper cars. In one group one person specializes on wheels, another on the body, another on coloring, another on pasting. In the other group each child makes a complete car. Then have the children discuss how fast the work went and how much fun it was.

9. Children can cut a picture from a magazine of someone who is doing a specialized task. He can report to the class the task that is being performed, what good or service is being produced, for whom it is produced, and who pays for it.

   Discussion can follow as to money income as "high - average - low" for the task being done. They can include in their discussion education needed to complete the task and machines needed for specific jobs.

10. Discuss with the children that some of our producers work inside the home, but many work outside of the home to earn money for the family. Discuss, people have to decide what kind of work they are going to do and people are very interested in their wages or salaries because these determine how much money their families will have.

11. Suggest that children ask parents, friends and relatives where they work and why they chose their jobs. Have charts made showing reasons given for choosing jobs.

    Ask each child to think or read about an occupation that interests him. Use questions such as the following to guide the reading:

    * What good or service is produced?
    * What work is performed?
    * What tools are used?
    * What skills or talents are needed?

* What interests are needed?
* How much training and education are required?
* What are the advantages and disadvantages of this occupation?

12. Role-play a situation involving job choices. Have the children apply to any of three "employers" for work. One employer will pay 50¢ to each of five employees for distributing handbills on Saturday. Another will pay 10¢ an hour to each of five employees for as much lawnmowing as they want to do. A third will pay 1¢ per bottle to each of six bottle collectors, and so on.

    The "employers" must hire everyone who comes to them for work, but after all have settled in their places, discuss what happened. Do any of the employers have more people than they need? Do any of them have fewer people than they need? Why did the children choose the jobs they did?

    Repeat the activity the following day, but this time let the "employers" set new wage rates in an attempt to secure the number of people they need. After all have settled in their places, discuss which employer offered higher wages, which employers offered lower wages, what else happened? Do the children know anyone who has changed jobs recently? Perhaps the children can explain what happened to the old job and why the new one was chosen.

13. Discuss with the children various factors which might prevent people from working. These factors may include; 1) age, 2) persons who are unemployed, but are looking for work, 3) persons who are disabled and unable to work, 4) families without a father and where it is difficult, if not impossible, for the mother to leave the home to work.

    Ask the following question:

    Where might families who do not have savings or a member earning an income obtain an income so that they may purchase goods and services?

14. Discuss with the children homes for the aged. Have they ever visited a home for the aged? A field trip with a short program, possibly singing, could be arranged.

15. To acquaint the children with public housing as a government provided service, the teacher can read the story, "The Treasure Hunt," (Our Working World, Neighbors at Work, p. 185, SRA) to the class. Afterward the class can discuss such questions as these:

    * Who paid for the building where Robert John lives?
    * Besides housing, what else did the government provide for the children who lived in the project?
    * How does such government housing benefit everyone? (It helps to make the whole area a healthier place to live in by eliminating run-down buildings that are sources of disease.)

16. Invite a resource person (county welfare worker, Catholic Charities worker, or Social Service worker, Peace Corp worker or others) to discuss welfare in our country and in other countries.

SECTION THREE

ILLUSTRATIVE LESSONS FOR TEACHING ECONOMIC IDEAS IN THE PRIMARY GRADES

First Grade

The Economics of Our City

Virginia Jacobs
Sauk Rapids Public Schools

Introduction

This unit was taught to acquaint the children with some basic economic understandings about cities. Our school is located in a small rural community and the children have little opportunity to observe the economics of the city.

I felt that the children needed to become aware of the wants and needs of a city, its government and the many problems facing a growing city. I was aware the children often had a negative feeling and unrealistic view of city life. I hoped that my teaching the unit along with various related activities, I would improve their attitude toward cities and city living.

Objectives

* To assist children to understand similarities and differences among cities.
* To demonstrate that people living in cities specialize in producing goods and services and depend on one another to meet and exchange their goods and services.
* To reinforce the idea that people work to satisfy their wants and needs.
* To illustrate that advances in technology cause cities to change.
* To help children realize that available resources are scarce, unevenly distributed, and they do not satisfy all the wants of people.
* To enable the children to realize that growing cities have many problems, and people strive through laws and organizations to gain justice and security.
* To teach children an understanding of city government and how it operates.

Activities

We began our study of cities with a discussion on "What is a City?" I listed on the chalkboard the responses to this question from the children including: a city has many people, apartment houses, airports, factories, museums, offices, and places of business. Next we conducted a survey on "How I Feel About Cities." I explained to the children that this is an activity that must be done alone, without consulting anyone else. I read the survey questions to the class aloud. This helped any children who had difficulty in reading.

Survey Questionnaire

1. I have lived on a farm. Yes___ No___
2. I have lived in a small town. Yes___ No___
3. I have lived in a big city. Yes___ No___
4. I think:

A city is a good place to visit. Yes___ No___
A city is a good place to live. Yes___ No___
A city is a good place for children. Yes___ No___
A farm is a good place to visit. Yes___ No___
A farm is a good place to live. Yes___ No___
A farm is a good place for children. Yes___ No___

The results of the survey were tabulated followed by a brief discussion about our feelings. Most of the children in my class live in a rural area and I could tell that many children's minds were crystalized as to city life and many had opinions and strong feelings about cities.

We decided if we understood more about cities and why they are important to everyone, our feelings about cities might change.

Services A City Provides

We started by listing the advantages a city would have over a small town. The first advantage the children mentioned was, "We could buy more things in a big city." While we were discussing what we could buy at different businesses in a big city, the terms goods and services were brought up. We listed goods as toys, clothes, food, cars, bikes and banks, or tangible objects. We listed services as doctors, nurses, lawyers, firemen, policemen, or people who do services for us. We viewed the film strip, "A City is Services." We decided we would show the goods and services a city offers by making a scrap book.

The class was divided in two groups; one group showing goods, the other illustrating services. The group showing services cut out, from magazines, pictures of carpenters, painters, doctors, nurses, factory workers, firemen, policemen or anyone who performs a service. The group showing goods cut out pictures of food, toys, furniture, clothes, cars or any picture showing goods.

I asked the children how many of their parents go to a large city to get their goods and services. Almost all of the children immediately responded that their parents go to St. Cloud where the selection of goods and services is greater than in a small town. I asked the children why their parents needed a larger selection of goods and services and why they weren't altogether satisfied with the ones available in our town. Some of the responses were: "there aren't any doctors or dentists in the town of Rice;" "the price of groceries is higher, and we can't buy the things we want;" "we can't buy special furniture in Rice," and many other similar comments. This led to a discussion on our needs and wants. I asked the children to make a list of all the things they and their family would like to

have. The list included such things as snowmobiles, boats, campers, clothes, guitar and piano lessons, motor bikes, and many more. I then asked them why they did not have all the goods and services they wanted. The children said, "we need money for groceries," "we need money for new machinery on our farm," "we need the money for our house," "we need money for doctor bills," and "we don't have enough money." We decided because we have a limited income there are goods and services which we want but are unable to purchase and, therefore, we must make a choice in deciding which wants and needs will be satisfied.

Our discussion on making choices led to the fact that some households have more money income than others and some households can satisfy more wants and can purchase more expensive goods. We listed on the chalkboard differences in choices a household might have if one household had money income of $10,000 and another household had money income of $100,000.

An example of our chart follows:

$10,000 MONEY INCOME	$100,000 MONEY INCOME
6 room house, small lot	20 room house, 10 acres
1 car, Ford	3 cars, Cadillac, Lincoln, Chrysler
fishing boat	speed boats, sail boats
1 snowmobile	2 snowmobiles
average priced clothing	swimming pool
average priced furniture	expensive clothing and furniture
public schools	expensive schools
trips to Black Hills, Yellowstone	trips to Europe
travel by car	travel by plane

Then I asked the children what would happen if two or more households had the same money income. Would the kinds and amounts of goods and services differ? Some children seemed a little confused, so to show that there are differences in the tastes and preferences of individuals, I asked the children to pretend that they each had five dollars and they could do whatever they pleased with it. I asked them to think about it a minute and then write on a slip of paper their choices. As the children read their choices, I listed them on the chalkboard so we could see that individuals have differences in tastes and the freedom to make choices. Our list consisted of: save money; put our money in the bank; buy mom a present; fix my bike; buy candy; buy clothes, and many more.

We concluded our discussion on goods and services by learning that most if not all households cannot satisfy all of their many wants for goods and services. We also concluded that we satisfy most of our wants for goods and services through purchases from businesses. We need money income to pay prices charged for these goods.

We decided another advantage a big city would have is more places for people to work. We discovered that many of the children's parents went to St. Cloud to work. We discussed the different kinds of work their parents did. Some worked on assembly lines in manufacturing plants, some in stores, at the paper mill, meat packing plant, and others. At this point the children asked why so many businesses were located in one city.

Studying Minnesota Cities

We thought it would be fun to be researchers and conduct a study on St. Cloud and other cities in Minnesota. To begin their study the children wrote to the Minnesota Highway Department for a map of the state. They were very pleased to have a personal copy of a map. Before selecting a city they would study, we reviewed map symbols and legends and how to locate cities on a map. To acquaint the children with the different land uses in Minnesota, the filmstrip, "Form of the Land of Minnesota," was shown. The children were now ready to read their map and decide which city they would study.

It was decided they would work in groups of two. We made a large bulletin board to show the city we were studying. The children took a map of Minnesota and pinned yarn on their city with their names on a card extending to the margin. Our next step was to find out something about the city we chose. The children thought they could look in books for information, ask people who visited that city, or they could write to the city to find out some information. They decided to use all these ways to learn more about their city.

Business In The Community

I asked the children who they could write to in the city for information. The children had many responses to this question. Some thought the mayor, the police department, street department, and many others. I explained to the children that most cities have a Chamber of Commerce. At once, the question was asked, "What is the Chamber of Commerce?" None of the children in my class were familiar with a Chamber of Commerce. I explained to the class a Chamber of Commerce is a business organization. It is the representative of business and professional men. Members of this organization can be the grocer, the manufacturer, the banker, the department store owner, the doctor and most of the businesses and professional men and women in the community. The children wondered if their dad or mother could belong to the Chamber of Commerce. I explained anyone can belong but the people and businesses must give money to finance activities for the city. They want to give money and become members because this organization works to make sure that business conditions in their community will be good and make the city grow.

The children asked what activities the Chamber of Commerce does? I told the class it has projects to improve traffic flow and parking, it has activities in areas of planning, zoning, transportation and auditorium facilities. It works to make the

city beautiful. It works with manufacturers to make sure they are happy with enough workers in the city. They want to promote business and tourists to the city so the city will grow. One student responded, "let's write to the Chamber of Commerce for information."

The children wrote their letters to the Chamber of Commerce of their city. While we were waiting for replies, we began a study of city government. I read The First Book of Local Government, to the class. Discussion followed as to why we need laws and rules. We discussed some rules we had in school and why it was necessary to keep them. Some children thought some of the rules we had in school were not good, such as "no gum chewing." After discussing this rule all the children agreed that some children would throw gum on the floor and carpeting, they would pop their gum and blow bubbles, chewing gum would disturb others while they were studying and some would throw wrappers on the floor. This would make extra work for the custodian. This discussion provided an opportunity for the students to learn about private versus social costs and benefits.

Role Of Government

We then talked about the fact that it is necessary for Governments to make rules and laws. I explained to the children that some laws are made by the government of the United States, which we call the Federal Government. Some laws are made by our states and that states give cities the right to make local laws for the people who live there. The question, "Who makes the laws for the city?" was asked.

I asked the children how we elected someone in our room to represent our school Student Council. They immediately answered, "We voted." I explained to the children, people in the city vote for the mayor and the city council. The city laws are made by the council. I explained that people who want to become members of the city government run for office just as we did to elect someone from our room for student council. I then asked the children what they expected from the student council. Some responses were: "We want a field day," "We want a Hobo Day," "We want an activity day every two weeks," and "We want more field trips." I asked the children how we could get these services. The children realized that they could send our council representative to the council meeting asking them for the services they wanted. I then asked the children if we will get the services we demand. The children said the council will vote to see if we can get our services. One student replied, "I don't thing they will let us have an activity day, because it would cost too much money for supplies." I asked the children where we might get the money needed for supplies. The children suggested each student could bring some money for the supplies if they wanted that service. This led to a discussion on city taxes. I explained to the children that as people demand services from city governments, tax money must be collected to pay for the services. I asked the children what would happen if the city did not have much money. They said the people would not get all of the services they wanted, that the cities could ask the people for more tax money or the city could borrow

the money and pay it back later. They decided that the government must decide what kinds and what amounts of goods and services the government should produce and how the goods and services will be paid for.

As an activity we made a list of services people might demand from their government and then tried to decide which demands would be more important if the tax money in the city was limited. As the children suggested services people in a city might want, I listed them on the chalkboard:

We want more police protection.
We want a new city park.
We want our street paved.
We want new fire trucks.
We want new street lights.
We want a new library.
We want a zoo.
We want our refuse picked up more often.
We want a new ball field.
We want wider roads.

I asked the children to pick out three services they felt government officials should produce for the people. All of the children voted for more police protection and new fire trucks. The third demand had several responses with "getting streets paved" getting one extra vote.

Our next activity was to make posters on "A City Without Services." I displayed the posters to give the children the feeling of why we need government services. The posters included pictures of traffice congestion and traffic accidents, trash on streets, broken sidewalks with people falling, people being robbed, stealing from stores, street fighting and houses burning.

By now we began hearing from the cities we wrote to. So that all the children could look at the information we were receiving, a bulletin board was made with pockets to hold the pamphlets and brochures related to their cities.

The children wrote to twelve Minnesota cities with replies from eleven. They waited to hear from this last city and became concerned as to "why they did not receive a reply." The children thought their letter could have gotten lost, or the city might not have any printed information to send them; they even considered the possibility that they couldn't read Pat's writing. One little boy thought this could be a "Ghost Town." It was decided that the children who did not hear from their cities would report on a ghost town. I later read to the class the book Ghost Town Mystery which they really enjoyed.

Summary

The children were very enthusiastic to report to their classmates what they found out about their city, its size, age and what it is known for. It was interesting

to see how many children who seldom respond in classroom discussions had information and questions to offer.

We decided we would take our own city, St. Cloud, and find out the reasons why it has grown and then hear from the group who studied our city.

We began by locating St. Cloud on our map. I asked the children why people would want to start a city in this area. The children were familiar with the term "trading" from our study of Indians, so they immediately said St. Cloud was founded as a river town for the purpose of trading. They realized that cities are located where good transportation is available. On a large piece of paper taped to the chalkboard, I began to construct a city, starting with only a river. I asked the children what business they might want to start where people met to do trading. Suggestions were: a grocery store, a blacksmith, hardware store, fur company, hotel, sawmill, and a flour mill. As the children suggested business places I added little buildings to our map and St. Cloud began to grow. I then asked the children if St. Cloud had any natural features which would add to its growth. The discussion led to granite, trees for lumber, and good farm land. As our discussion continued, St. Cloud began to grow from a trading town to a manufacturing city. Surrounding our city, we put in farms with roads leading to St. Cloud. We added railroads and granite quarries, lumber mills, and more businesses. The children realized that because our city was growing, we needed schools, churches, more businesses, and more people which means more houses. By this time the children could see how our map of St. Cloud was changing.

To show how advances in technology helped cities grow and change, we created a mural. The children cut out many pictures of skyscrapers showing how the invention of the elevator helped to change the appearance of a city. Transportation pictures showed super highways, airports, and parking lots. The children cut out many pictures of factories and automobiles. At this time the children realized that factories and transportation are causing a problem of pollution in our city. Housing developments were added to the mural to show how people moved from rural to urban areas causing our city to grow. Again, more people bring new business and more employment to cities. People who specialized in their field were added including doctors, nurses, teachers, firemen, policemen, repairmen, and many more.

As we finished this activity, the children could see through the mural and map that St. Cloud is a growing and changing city.

We were now ready to hear from the group who studied our city. Our mural and maps were on display as we listened to the group take turns reading some facts they learned about St. Cloud. They began with the following introduction:

St. Cloud is Central Minnesota's First City. First in size, in growth, in business and industry, in education, in facilities, in livability, and in hospitality.

Facts were read:

1. St. Cloud is a metropolitan center of over 50,000 residents.
2. St. Cloud is located on the Mississippi River.
3. Famous products are made in St. Cloud. In addition to granite, the St. Cloud area is noted nation-wide as a leading producer of optical lenses, refrigerators and freezers, industrial values, stainless steel tanks, marine products, generators, and paper and paper products.
4. St. Cloud has over 100 manufacturing places.
5. St. Cloud has many private and public schools. It has a State College, a Vocational School, School of Nursing, Beauty and Business College, along with several elementary, junior high, and high schools.
6. St. Cloud has a State Reformatory enclosed by the world's longest granite walls.
7. St. Cloud has many public facilities such as a swimming pool, public library, and parks.

As the group continued giving facts about our city, I could see the children were absorbing special feelings about our city and I decided to give the survey again on "How I Feel About Cities." The results were tabulated and the children's feelings had changed considerably. The children seemed to be proud to be a part of a growing community.

Outcomes

As a result of this study, I felt the children learned many economic concepts related to the city.

The children showed a clearer understanding of the needs and wants created by city living and of city facilities. They had a better insight in the working of a city government.

The study helped the children of all backgrounds toward many kinds of thinking concerning growth, change, and problems cities face.

I found the teaching of the unit to generate much excitement with a new kind of learning experience as the children got away from a text book and testing. The study added richness to their reasoning by freeing them to look for many answers instead of just "one right" answer.

I hope their interest in cities is only a starting point and their knowledge about cities will lead to a concern about the future of our cities and of man himself.

Second Grade

Joyce Corrigan
Sauk Rapids Public Schools

Introduction

This unit was created as a result of a very obvious lack of interest on the part of the students in studying about the role of business in the economy from our Social Studies textbook. The second grade consists of one large open classroom with two teachers and 54 students. Miss Tastad and myself soon realized that the children had very little background for the material in our books. We decided to put to use the knowledge we had gained from our Economics Workshop of the previous summer, build a background of economic terms and probably start a business in order to get the students more involved in understanding the economic world around them. We also felt it would help them become more aware of the value of money, as they seemed to have money available, but did not always take care of it "properly." We had several children that did not understand money nor its value in purchasing goods and services. We felt, too, these understandings about money and its use would improve from the unit of study.

Because our school is in a very small rural community, there is little opportunity for many of the children to shop and have to make decisions as to how to spend their money wisely. We felt our store had a very good chance to succeed because of the lack of competition and desire of the children to have a chance to shop.

Before we could begin our store, we wanted to develop a background so the children would become aware of and use many of the economic terms they did not know. We began our unit by introducing and using economic concepts.

Objectives

The major objectives of the unit were to help youngsters understand:

* the terms producer, consumer, division of labor, choice, goods, services, profit and loss, supply and demand
* that we are all consumers of goods and services, but are not all producers
* the difference between goods and services and the production of them
* that division of labor is necessary to produce goods or services more efficiently

* that we must make choices when we want to produce or consume goods or services

* the difference between opportunity cost and the money cost of goods and services

* the meaning and use of money, making change, spending wisely, and careful handling of money

* that the supply of goods and services is dependent upon the demands of the consumers

* the importance of advertising as it affects sales and profits of businesses

Activities

I began by showing the children two pictures; a television set and a man repairing a T.V. I explained to them that the T.V. set was a good and the man was doing a service by repairing it. I then did the same thing with a bag of groceries and a grocer. I asked the children if they could tell me what goods were by looking at the pictures. They suggested such things as, "something you can touch," and "something you can use." They responded to "What is a service?" by saying that it is "something somebody does for us," and "somebody helping us." We decided finally that goods were things we could use or consume and services were something that someone does in order to help or serve others. We then looked at quite a few other pictures to decide whether they showed goods or services. After this, the children took magazines and cut out pictures to make charts showing goods and services. We saw and discussed the filmstrip, A Collar for Patrick, which tells about buying goods and services.

We began our discussion of producers and consumers by seeing the filmstrip, Michael's Moon Store, on the production of goods and services. After this we discussed what it means to produce something. The children thought it meant to make something that somebody could use. We decided that this was producing goods and that we could also produce services by doing something that would help someone. We tried to decide who would be a producer. At first, the children thought everyone could produce something, but after much discussion we decided that probably very small children or very old people and people that are very ill probably would not be producers. We decided that we would identify a producer as someone who made or provided goods or services.

Consumers and Production

Next we discussed what a consumer was. We talked about who would use the goods and services that the producers provided. We soon decided that everyone would be a consumer as there is no one that doesn't use some goods and services. Our definition of consumer became "one who uses goods and services." Again we took magazines and cut out pictures to make charts showing producers and consumers.

We also talked about what came first, production or consumption. We decided that something had to be made before we could use it. To demonstrate this we became producers and made Kool-Aid. Next we became consumers and drank the Kool-Aid. We also had a maze the children followed to trace the route of an orange from the tree, to frozen juice, on to being consumed.

To begin our discussion of division of labor, I asked the children how they help their parents at home. I got many responses such as, "I help with dishes," "I help do the chores," "I help take care of the kids," and "I help clean the house." I asked the children why they help at home and why not let their mother and dad do all the work. Their responses here were, "There is too much to do," "Mom asks me to help," and "Sometimes I get paid to help." Next I asked them if they could think of any way they help in school. They immediately mentioned our "Happy Helper" jobs. They said they do these jobs because they like to and there would be too much to do if the teacher did it all. I explained to them that this is called division of labor when everyone does something together and it makes it easier and quicker for everyone. We then tried to think of some other examples of division of labor. One child said, "My dad works at Franklin and each person makes one part of a refrigerator." I told them this is an assembly line and we tried to think of other assembly lines. The children mentioned several factories that their fathers or mothers work in. They also recalled the Jack Frost egg plant we had visited earlier in the fall where we watched eggs being gathered, cleaned, candled, and packed. We also talked about supermarkets using division of labor. They suggested the stock boy, the check-out clerk and the carry-out boys as good examples. The children decided that it was a good idea to divide up the work and give each person a specific job so that things would get done more quickly and efficiently.

To introduce choice-making, I gave the children a sheet showing Johnny and Sally each with a nickel. It also showed an ice cream cone priced at 10¢, a candy bar priced at 5¢, a yo-yo labeled 25¢, and bubble gum costing 1¢. I asked the children to decide which things each child could buy with their nickel. They responded that they could buy either the candy bar or 5 pieces of bubble gum. When I asked why they couldn't buy the ice cream cone or yo-yo they said, "They don't have enough money." We discussed the fact that they could buy either the bar or the gum and that in choosing one they would have to give up the other. I told them this would be an opportunity cost because they would have to give up the opportunity to buy a candy bar if they bought bubble gum. To further illustrate

this, we looked at two more worksheets showing a set amount of money and many things they could choose. We talked about what they could buy with the money, why they couldn't buy all the things shown (not enough money) and why each child was choosing different things to buy. Some of the reasons for choosing different things were: "Some of us already have one," "Girls don't like airplanes and trucks," and "Boys don't play with dolls." Finally, I took some real toys, articles of clothing, baby toys, kettles and other objects and put prices on them. I told each child to decide what they would buy if they had $5. We also talked about what our mothers and fathers might choose and why they would buy different things than we would. Some of the reasons they gave for this included: that Mom and Dad don't play with toys, they might be buying something for their baby, and parents don't want the same things as their children have. We then saw and talked about the filmstrip, "Daniel's Birthday," on choosing goods and services.

I felt we were ready now to discuss the different kinds of stores, the goods and services they offer and what is necessary to run a store. We began with the supermarket and listed groceries, toys and other small items. The next kind of store we talked about was a hardware store as the children visit one in Rice often. As goods, they listed toys, bikes, tools, dishes, farm equipment, rope and many other things. We also talked about drug stores, clothing stores, bakeries, and many others. The children seemed to understand goods and services very well. During our discussion one of the children asked where the stores got the things they sell. This started a discussion of wholesale buying and we decided to invite someone in that ran a store to tell us about this and answer any other questions we might have.

After we listened to the store operator tell us about wholesale buying and answering questions about how hard it is to run a store, what things sell best, do they make a good profit, is it fun to have a store and many more, we decided that maybe we could have a small store in our classroom. The children were very excited and had many ideas about how we should proceed.

After getting the necessary permission from our principal, we began to plan our store. Our first problem was to decide what we were going to sell. We discussed the possibility of food and candy, home-made items, used items, toys and school supplies. The children had many suggestions. Many of them wanted to bring things from home or have their parents buy things for us, but we decided against this because we wanted it to be as much like a real store as possible. As it was getting near Christmas and the children knew they would be buying small gifts, we decided that this would be a good thing to sell. We also decided to sell school supplies as we knew there were unlimited needs for them in our school. We then talked about where we would get the supplies for our store and decided we would go to Central Distributing Company and Warehouse Market in St. Cloud.

By now, the parents had heard many reports about our store, so we sent a letter home explaining our ideas, what we would sell, where our supplies would come

from, and why we wanted a store. We received many positive comments from many of the parents, and they were eager to visit our store when it opened.

Business Investment

Our next step was to decide how to finance our store. We knew that we would have to have money or good credit. We talked about how we get a credit rating and decided we probably would do better if we had money with which to begin. We talked about how much we would need and from whom we might get a loan. The children suggested that they each bring as much as they had at home, but we thought that that might be too hard to keep organized. We talked about the possibilities of going to the bank or borrowing from the teacher. We decided as long as we planned on starting small, rather than bother the banker, I would lend them the money. I told them I would be willing to invest in the store becuase I had faith in my class and in the success of the store. We talked about the rate of interest that a bank would charge, also. I told the children that if we could pay the loan back before 30 days that they would not have to pay any interest to me. New we had to decide where our store would be located and what our store hours would be. We used two bookcases and set off a corner of our room. We used a small table for our cashier. Our store would be open 1/2 hour before school, during the noon hour and after school as long as we had customers. We were not open during class hours.

We made a list of workers that were needed. The children had a long discussion on why they couldn't all sell at the same time. We did our best to arrange it so that each child had a chance to do each job. We needed someone to price the items and stock the shelves, clerks, and someone to count the money.

At this time we also chose a name for our store. Each child had at least one suggestion. We discussed each one as it was mentioned and only listed the ones we decided were good names. A few of the names were School Store, Variety Store, Our Store, and Second Grade Store. After discussing all the names, we voted and Second Grade Store was chosen.

Purchasing Supplies

Our next job was to purchase the supplies. We decided that our initial investment should be about $15. Because of the distance from school to the wholesale distributor, I did the purchasing for approval by the children. The distributor gave us the purchasing order listing the wholesale price and the suggested retail price. I tried to get mostly articles that would sell for under 50¢. I took the order back to school and the students seemed pleased with everything. After the children looked over the merchandise, they made posters to advertize our store. These were placed in various places in the school so everyone would have a chance to see them. We looked over each item and decided at what price we would sell them. Some of the items were sold for less than the suggested retail price, because we felt we would still be making a profit and would attract more business. Also,

we tried to keep the change making fairly simple. We discussed again the careful handling of money and the need to be sure to give correct change. When assigning jobs, we tried to put one child that was very good at handling money with one that needed improvement.

The day of the grand opening finally arrived and we sold almost every item in the store. We counted our money and we had $19.73. We talked about which items had sold the quickest, what had been asked for and orders we had taken. We decided to take all the money we had earned and restock immediately. Each time I went to buy supplies, I tried to pick out at least one or two new items. Also, I took advantage of many bargain items that were available. The store continued to be very successful. Many of the mothers that stopped in to visit us told us they were very pleased because the children could do their Christmas shopping in our store, and they were saved a trip into St. Cloud. We kept a close record of our purchases and sales. We did this on the blackboard so all the children could watch our progress. As Christmas came closer, we discussed closing the store and stocking it with other items. The children decided they would like to keep it open and sell school supplies and a few small toys and gift items.

So far we had made a good profit, but now had a chance to discuss losses. One day when I was not in school and my class had a substitute teacher some of the boys from an upper grade decided to do some shoplifting. An alert teacher discovered what they had done, so we got most of the merchandise back, but it proved to be an excellent example for the students to see the damage that can be done to stores and also the consequences of shoplifting to the offender. We had a discussion about why stores have to raise their prices because of this and what happens to people when they are caught. The children became much more alert in watching the customers and our inventory.

After we had enough money to pay back our loan (this took about two weeks) and had enough profit to continue buying supplies we began discussing what we should do with our profit. We decided to invest in a store savings account until we were ready to use the money. We opened our account at Secruity Federal Savings and Loan because we found they paid the highest interest and added it to accounts every three months. Our store made a total profit of $92.03 and we received 99¢ interest. Our account was open from January 12th until May 4th.

While discussing how we would use the profits from our store, we talked about why we probably made a higher profit than stores usually would on the same items. The first thing mentioned by one of the students was, "We don't have to pay taxes." We decided that we also didn't pay rent, light and phone bills, wages to our clerks and many other overhead costs that stores have.

Our store closed on April 30. We were sad to see it go, but decided it was a good time to close, because we were "sold out." It was the end of the month, and we needed time to use our profits. We were planning a field trip to St. Paul in May, and we thought it would be nice to eat at McDonald's instead of carrying a

bag lunch. Some children had not had an opportunity to eat at a drive-in, and we were all excited about what we would have to eat. I told the students they could order whatever they wanted, but that I wanted them to tell me how close they came to spending $1. A few of them came pretty close, but most of them spent less. We had 54 students and 6 adults on the bus and our bill was $47.44. On the way home we stopped at the Dairy Queen and spent an additional $8.99. This left us a balance of $36.59. The children had many suggestions as to how we should use this money. Some of the suggestions were to divide it up among the students, have a big party, buy presents for people, or give it to charity. We finally decided to donate $25 toward the building of an outdoor classroom for our school and use the rest to buy cookies and coffee for our mothers when they came to our spring musical. When we presented the check for the outdoor classroom to our principal, a reporter from the Sauk Rapids Herald came and took a picture of the class and all of us were in the newspaper with a story about our store. This was the second time our store received some publicity as we had also had a picture and article in the Herald in December.

Outcomes

Our store was "missed" by almost everyone in school after it closed. This in itself made me feel it had been a success.

The children are now able to use freely many economic terms they were completely unaware of at the beginning of the year. We have watched everyone from kindergarten through grade six improve in their choicemaking and handling of money. Many children that did not know a penny from a quarter were soon able to recognize coins and know what they could buy with them. We especially enjoyed helping the kindergarten and 1st graders improve.

Social Studies class became something to look forward to rather than just a book they didn't expecially like. The children became involved individuals and eager workers because they were doing something they helped plan. They now have a much better understanding of stores and how much work it is to successfully operate one. They no longer take it for granted that it is an easy job.

Third Grade

Building a Business

Jane Shanks
Sauk Rapids Public Schools

Introduction

As a teacher, I feel, perhaps idealistically, that if a child grows up and fails to function in society that it is due, in part, to his education at home and in school. Therefore, it is due in part to his teachers. This puts the teacher in a very important role. We must teach children not only the academic subjects, but also how to live and cope with the world they live in.

After participating in a workshop on economic education, I realized that this included teaching children some basic economic principals to use as tools in dealing with a largely economic world.

For this reason, coupled with a desire to do something fun and different, I developed, with the help of my students, this unit.

Objectives

There were two main objectives I felt could be accomplished. (1) Teach children some basic economic concepts in a fun and enjoyable way. (2) As my children were very independent, they needed to learn to work with each other for a common goal.

Armed with these two goals, I set out to develop a unit in which the children would help decide which way our activities would take us. I wanted my role to be that of a guide and resource person.

Through this unit students learned that people and their skills are important resources; that banks are a business, not just a place to save money. They learned that interaction between consumer and producer is necessary to sustain each other. They learned some basic concepts involved in starting a business including supply and demand, capital, resources, market and production. They learned the importance of making a profit; how it is achieved and why it is necessary. They learned to understand and use terms such as consumer and producer, wants and needs, goods and services, division of labor, and specialization.

They learned these through many types of activities: a field trip to the bank, brainstorming, discussion, research, producing a product, trial and error, and by thinking. Through these activities, our unit grew into "Mrs. Shanks' Candle Factory."

Activities

Our first discussion of factories was used to initiate some thinking of their purpose and necessity of them. We would also begin to lay the foundation for further development of the factory as it affects each of us each day. I also used this discussion to reinforce their knowledge of wants and needs and consumer-producer.

I began with the simple question--Where are things made such as shoes, food, and toys? The children's answers ranged from home to China. One of the boys said his watch was made in Ohio. We discussed the possibility of one man making the watch. They decided that many people probably worked on it in a factory. I asked why factories are formed and how do they know what to produce? These questions with their answers gave me an opportunity to mention a previous discussion on wants and needs. The class decided that the consumer's wants and needs help people decide what to make. They decided that a factory that made only what the owner wanted might "go broke!"

We began discussing local factories and what they produced. We decided that they all produced something that was either needed or wanted. They also realized that what one person merely wanted, such as a new winter coat, another person might need. This pleased me as I knew they realized the fine distinction between the two.

Before closing for the day, I wanted them to be thinking about factories, so I asked them--What was needed to start a factory? Who starts them and why? This developed into a Language Arts writing assignment.

By using our writing assignment as a lead-off, we continued to consider, in more depth, some of the concepts involved in a factory. This also served as a review of the previous day's discussion.

Starting a Business

I asked if our class could start a factory. Most children were doubtful for reasons such as no money, nothing we could make, we didn't have a big building, etc. Then one brave child said maybe we could if it were a small one. I asked if they would like to try. This suggestion was met with mixed emotions. They wanted to try, but were afraid we couldn't do what seemed like an impossible task. Through the discussion, I realized that their biggest stumbling block was their image of a factory. To help those who had doubts, we had to change their image of a factory. We decided that a factory didn't have to be a big building. It could be a room with people making something to sell. With this rather incomplete definition, the whole class was eager to begin.

If we would start a factory, what were our first concerns? Where would we start? Of course, we had to decide what to make and how and where to make it. We also had to deal with one child's concern about being old enough to work.

We did a little brainstorming to decide what to make. Our list included candles, candle holders, clay objects, knitting things, bean bags, rock creatures, paper mache animals, egg-carton flowers, crepe paper flowers, painting pictures and decoupage.

Now our big question was--Which of these items should we produce? We used such criteria as our skills, available resources, which items people would pay money for, and the difficulties in production. Using this criteria, we were able to cut four of the items from the list; crepe paper flowers, paper mache animals, painting pictures, and decoupage.

Someone suggested bringing in examples of the other seven items. This was agreed upon by the class. Further discussion was put off until the samples were brought. The children were encouraged to think about the items and try to find out information on how to make them.

Our next class time was spent in further reducing our list of possible production items. We looked at the examples of each item and discussed the skills and resources necessary.

We were able to cut our list down to four items that we felt we were capable of producing. Our list now consisted of candles, bean bags, soap carving and rock critters. Our rock critters would have to be painted, and not the polished type as one student reported to us on the cost of the polisher. Also, she said it sometimes took weeks to smooth a stone.

In previous discussions, the children had touched on the idea of a market. Just who were we going to sell our product to? The class agreed that students and parents would be our market, our customers. The class decided that perhaps we could decide which of the four items to produce if we asked those who would be buying our product. The class thought it would be simple enough to ask the parents, but asking all the students would be more difficult. A vocal survey was conducted of the parents. It was decided a written survey would be easier for the students.

As a class, we composed a survey that the teachers would return to us. We selected a Survey Committee to conduct the survey. The skills required for the job (trustworthy, good at adding, not lazy) were put on the board before the children were nominated. Then they were elected by popular vote. Each committee or department was selected in this way.

The Committee was assigned its duties by the class. (1) Make a ditto of our survey and have copies made. (2) Distribute one copy to each teacher. (3) Collect survey and tally results. (4) Report back to class.

We received our report from the Survey Committee two days later. It was a very close race between candles and soap carvings. We then discussed the results of our vocal survey of the parents. The parents were overwhelmingly in favor of candles.

As we discussed these results, we decided that our parents were our surest market. Some of the students may not buy, but our parents would always buy! Using this bit of information, we decided we would become a candle factory producing what the main consumers wanted.

By now our factory was becoming a reality to all of the students. They were very eager to begin on the actual work.

With the major decision of what to produce taken care of, our next major concern was how to produce the candles.

The class felt it necessary to appoint some good readers to research the techniques of candle making for us and report back.

Organizing Production

We made a tentative list of materials which would be added to after our researchers reported in.

We discussed possible ways of getting our materials: (1) Each child could bring something, (2) Each child could bring money to buy it with, (3) We could ask the school to get it for us. We used these suggestions and compared them to how a big factory might get their materials. We found that our suggestions wouldn't work for a big factory.

To get the children to think of the possibilities of the bank, I showed them some familiar objects, checkbook, savings account books, and a picture of a bank. These started a discussion of the services that a bank offers. We talked about borrowing money from friends and parents. But when large amounts of money were needed, the bank could provide. We talked about the bank being a business like stores. We discussed the possibility of a loan from the bank. I was put in charge of discussing it with a bank representative.

Because we were planning on using the school premises for production, we decided we must consult with Mr. Ribich, the principal, before we went on. A committee of good speakers was appointed to talk over the situation about use of facilities, cost, if any, and use of a school bus for transportation to the bank.

They reported that we could produce candles on school property without charge and use the bus if it was considered one of the classes three allowed field trips. We talked about how the building and transportation were two resources that would normally have to be paid for by a company.

As a precaution, I brought up the necessity of safety rules in any factory. The class decided we should put someone in charge, so we selected a Safety Engineer and an assistant. Their duties included talking to the school nurse about burns from the wax and other possible injuries. They were also to set up some safety rules and see that they were followed. Upon their suggestion to the Board of Directors, a worker could be suspended from production or even fired for not following these rules.

As we selected children for the different positions, the children began to realize that each person has some skill that he can use. It becomes his marketable resource. We also saw how some children had more skills than others and how more could be developed.

Principles Of Production

In order for the children to get some experience with some principles of production such as division of labor, specialization, and the assembly line, I decided to introduce a jeans factory that would operate only one day.

In this factory there were two groups producing the jeans. Group 1 was producing individually. They must copy the pattern one at a time, cut out the two pieces, and glue them together. Then they could go back and trace the next pair, cut and glue. They must finish one pair of jeans before starting a new pair.

Group 2 was set up as an assembly line. An equal number of people were placed at the three jobs, tracing, cutting, and gluing.

With each person ready with his tools, we made a test run of five minutes. Group 2 outproduced Group 1 by three pairs of jeans. On our second test, Group 1 outproduced Group 2.

We discussed the problems involved and decided the assembly line was inefficient because the tracers were way ahead of the cutters and the gluers didn't have enough to do. Group 2 decided they could solve the problem by moving two tracers to cutting.

On our third test, Group 2 now outproduced Group 1 by a large margin.

The children saw that unless an assembly line is run efficiently it has no advantage over each person doing all jobs.

One of the children noticed a problem with the speed of an assembly line. Some of their pairs of jeans were messy and would be unusable for selling. We discussed the waste in material, time and money. They decided that although speed can save money, it could also lose money for the company. They realized that speed isn't the only factor to consider in production on an assembly line.

With the report by our researchers, we made a list of all our production materials and resources we would use. We included in our list items we would not be paying for such as the building, utilities, and our molds.

In order to determine how much of a loan we would need, I was appointed to go and price the different items on our list and report back to the class.

We discussed the necessity of an operating name for our factory. This would be necessary for our business transactions with the bank and our customers. We took all suggestions and then voted on the name. The winner--"Mrs. Shanks' Candle Factory."

We made a listing of the prices of materials from the information I brought back to the class. We decided that a $15 loan would cover our costs with a little extra for unforseen expenses including possible damages.

Capital Investment

The banker was contacted and he set up an appointment for us to discuss our business proposition. He mentioned that we would need a board of directors to sign the note if the loan was okayed. So before our trip to the bank, we selected a board of directors whose skills included honesty, leadership, and an ability to speak in front of others. Their duties consisted of (1) sign any legal documents such as the bank note, (2) speak for the class at the bank, (3) keep in contact with the principal, (4) and later they were given the ability to fire workers who weren't doing their job, but only after a meeting with me and the Board.

So with our newly appointed Board of Directors, we went to the bank. The banker asked many questions that concerned our production costs, our market, and why we felt candles were marketable. He suggested we have a Sales Department to help with keeping records. He asked us how much money we would need and how and when we would pay it back. He explained the principles of interest and profit. He also told us that we could boost our sales by advertising. He decided we were a good risk and the bank loaned us $15 for one month to be paid back on December 22, 1973, with 13¢ interest. He stressed the necessity of paying it back on time and the consequences of failing to live up to our deal. Some of the children were a little scared about what would happen. John was sure we would all be sued!

The next day, after our visit to the bank, the class decided to follow the banke advice. We selected two people to be our Sales Department. They were selected for their ability in math and their honesty. Their assignment was to set up a usable bookkeeping system and to keep track of the money once we began selling.

We selected four of our best artists for an Advertising Department. Their dutie were to research advertising in magazines, find the best places to advertise and make some samples to show the class.

The next day we again discussed the advantages and disadvantages of the assembly line. We decided that it could be of value to us in our factory.

With the help of the researchers we made a list of the jobs that would be available. We discussed the skills and techniques and responsibility of each job. Workers were then hired for our first day of production.

With each child hired to perform a certain job within our factory, we were ready to begin production of our candles.

We set up designated areas of the Art Room for the Advertising and Sales Departments. The Board of Directors and Safety Engineers were encouraged to walk around and keep an eye on all areas. We selected the best spot for our assembly line and set up our equipment and production started. Production went slowly the first day as the children learned their jobs. With experience we were able to cut our production time each day.

We didn't go into production the next day because there seemed to be some problems the children felt we should work out.

Labor Problems

Our biggest problem was with unsatisfied workers. The children didn't want to have to do the same job everytime we made candles. Some jobs were more fun. Melting the wax is more fun than spreading newspapers. Even the children in the prestigious positions of Directors got bored walking around watching others. The class decided that the solution was to rotate the jobs. The class made a production chart that had each worker's name on it and their job for each day. One director each production day was assigned a job as the other two continued with their duties.

The Safety Engineer mentioned that some children weren't busy all of the time and got careless because there wasn't enough to do. We solved this problem by allowing the children to play games, read, or listen to records when not working. This turned into our own form of the coffee break.

The people who were wax watchers said they weren't getting wax fast enough nor in small enough pieces for melting. We assigned more people to this job in our assembly line.

Marketing The Product

As our last piece of business for the day, we looked at, discussed, and okayed the rough drafts of posters done by the Advertising Department.

We continued producing candles about twice a week, perfecting our product as we went along. As the children learned their jobs, we cut down on waste of time and materials. Our product began to take on a more professional appearance.

We made many adjustments to our procedures as we worked. We learned not to skimp on crayon for color. The added cost of the crayon was worth the improved appearance of our candles. We cut our wicks shorter as we learned they were usually cut-off shorter later on anyway. We learned the best techniques for removal of the candles from the molds. We discussed our decorating. Through a vocal survey, we learned most people don't like a lot of glitter, so it was a waste of time and materials and, therefore, money to continue to use it so excessively.

One of our major discoveries was that our buying public can never be disregarded. We must put their desires over our own to run a successful factory and each child now knew that a successful factory meant making a profit!

We now had enough candles to begin selling so we tackled our next big job which was pricing the candles. We had to determine a fair price that would cover the cost of production and give us a profit and at the same time keep our candles marketable. Our candles were of various sizes and designs--single color, multi-color, decorated, and plain--so our job would not be an easy one.

Costs Of Production

One child suggested charging prices according to prices in the store. The class decided that people would buy the candles in the store instead of ours. Our candles were good, but not as good as those in the store. This made the children realize that quality affects the price.

Some children suggested selling all the candles at the same price such as 50¢ per candle. The children soon realized this would not work because some candles would be overpriced and some underpriced. They decided that the bigger candles should cost more. The more money it took us to produce a candle, the more we would have to charge.

The Sales Department put up a list of expenditures so we could see exactly how much the materials had cost us. We noticed that the decorations were expensive, so we decided to sell decorated candles for a dime more than a plain candle of the same size.

By continuing this process, we finally arrived at prices ranging from 25¢ to $1.00.

We decided to start selling the next Monday as it was the last week before vacation. We set up store hours from 8:00 - 8:30 each morning and 2:15 - 2:45

each afternoon. The Sales Department was asked to put price tags on the candles so the customers and sellers knew the price of each candle.

Business Profits

The last week we continued to produce as well as sell our candles. We found the demand to be very high. Every morining we were sold out of the day's supply. The demand was so high the children realized a less scrupulous factory could easily raise their prices. By Wednesday, we were out of materials as well as candles and were forced to stop production.

On Wednesday, we discussed the problem of not being able to supply our customers with the candles they wanted. We had many suggestions and we discussed the merits of each.

Steve said we should take our money and buy more wax to make more candles. It sounded like a good idea until we looked further into it. There were only two days left before vacation. This wouldn't leave much time. We found out that the Art Room, our production area, was all booked up by other classes. Another student mentioned that since most people knew we were out of candles, they, maybe wouldn't come back if we made more. The children became aware of the unsatisfied customer.

Another suggestion was to produce more candles after vacation. The problem here was with our market. We were relying heavily on the Christmas trade which would be gone, of course, after vacation.

The only suggestion we all agreed on was one we couldn't do anything about. We should have started production and selling earlier.

The Sales Department made a very welcome report. We would have enough money to pay back our loan plus we showed a $10.73 profit. The children were much relieved as our loan plus interest was due in two days. John was especially relieved to know we wouldn't be sued or thrown in jail.

Summary

After hearing about our profit, there was a lot of excitement followed by a lot of discussion. They tried to decide how to spend all of the money, but the decision was too hard to make at the time. The class decided they would rather think about it over vacation and decide later. Our last activity before Christmas as workers in a factory, was to make and send cards to our business associates. This last activity was suggested by a boy whose father did this every Christmas. We sent them to the bank, the school, and our best customers, and our parents.

After Christmas, the children were ready to decide on what to do with our profit. They mentioned giving it to a charity, giving it to the school, buying pencils and

paper for each worker, and having a party. Their final decision was to buy more wax and make a candle for each worker to take home free of charge. Any money left over would be used as an end of the year treat.

Our candle factory had turned out to be a great success, not only because we showed a profit, but because the children profited in so many ways. They had learned many valuable economic concepts that could in later years be built on and developed to help make them better able to live in the economic world. They also learned some valuable lessons on working together as a group, on relating to each other as equals, and on trusting and depending on each other. They were able to learn these things while having a good time which makes the unit twice as successful. At the end of the school year it was mentioned most often as their favorite project or activity of the year.

ECONOMICS VOCABULARY

1. banking system. A term indicating the general characteristics of the structure and operation of a nation's banks.

2. bank reserves. The amount of money kept available by a bank to meet the demand of depositors.

3. barter. Exchanging goods and services without using money.

4. business. An industrial or commercial enterprise.

5. capital. One of the major factors of production consisting of property, from which an income is derived, expressed in terms of money. Popularly, the term is frequently used interchangeably with capital good.

6. check. A written order authorizing a commercial bank to withdraw from a demand deposit of an individual, a government, or a business a specified dollar amount and make the sum available to a specific recipient. Checks, like currency, serve as a medium of exchange and over 90% of the dollar value of business transactions in the U.S. are settled by check.

7. circular flow. The movement of goods and services between consumers and producers. Households provide productive resources to producers, who in turn provide goods, services and money incomes to households. Government enters the picture as a producer, consumer and agent for transferring goods, services and incomes.

8. commercial bank. A profit-motivated state or federally chartered financial institution accepting demand and time deposits of customers and granting loans to individuals and businesses. There are approximately 13,000 commercial banks in the U.S.

9. competition. A situtation in which two or more parties attempt to secure the business of others by offering (or claiming to offer) more favorable prices, quality, service or other terms.

10. consumer credit. Credit extended to consumers for the purchase of consumer goods and services. Consumer credit may be extended by means of charge accounts, an installment purchase plan, or through loans.

11. consumer good. An economic good which is used directly in the satisfaction of human desires.

12. consumption. The utilization of services or material goods for the gratification of human desires.

13. cost. The value of resources used in producing a good or service. (As used by the economist, this goes beyond outlays of money. For example, the value of the labor provided by a person who owns a business is considered an implicit cost when that person does not pay a wage to-himself or herself.)

14. cost of living. The average amount of money needed for a typical family to purchase essential goods and services at a given period of time.

15. credit. A promise of future payment in kind or in money given in exchange for present money, goods, or services.

16. currency. Paper money in all denominations issued by the government, and serving principally as a medium of exchange.

17. debt. Whatever is owed to one person or organization by another. The obligation may involve money, goods or services.

18. deflation. A decrease in the general price level. Deflation may occur when the quantity of money or deposit currency in circulation is small compared with the quantity of goods and services offered, or when fear of the future or some other cause curtails consumer spending materially, thus reducing the velocity of circulation.

19. demand. The amount of a good or service that buyers are willing to purchase at each specified price in a particular market at a given time.

20. demand deposit. A deposit in a commercial bank against which checks can be written or money withdrawn without advance notice. U.S. banks may not pay interest on demand deposits.

21. discount rate. The rate of interest charged member banks when they borrow from the Fed. (Also known as the rediscount rate and Federal Reserve rate.) The Fed changes this rate as a signal to banks of a change in directions or intensity of monetary policy.

22. division of labor. Separating work into different operations. Specialization.

23. economic good. Anything external to man that is inherently useful, appropriable, and relatively scarce.

24. economics. The study of the way in which scarce resources are allocated in satisfying wants. A study of the way in which goods and services are produced, distributed and consumed.

25. factors of production. The resources used in creating goods and services. Land (natural resources), labor (human resources), capital and enterprise. Also called inputs or agents of production.

26. federal reserve bank. One of 12 regional banks geographically located throughout the U.S. Reserve Banks provide services for banks, the government, and the public and participate in the management of the nation's money supply.

27. federal reserve notes. Currency issued by each of the Federal Reserve Banks backed by U.S. government securities. These notes have replaced silver certificates and gold notes formerly issued by the United States Treasury.

28. federal reserve system. The central bank of the United States established by the Federal Reserve Act of December 23, 1913. It is comprised of the Board of Governors' office in Washington, D.C. and 12 regional Reserve Banks. The System's major function is to influence the supply of money and credit in the nation to facilitate high levels of employemnt, stable prices, a sound international balance of payments position and growing productivity.

29. fiscal policy. Federal government taxing, borrowing and spending policies. Budget deficits (spending exceeds taxing) and budget surpluses (taxing exceeds spending) are fiscal policies. Fiscal policy and monetary policy are the two stabilization devices ordinarily employed to temper swings in our economy.

30. good. A tangible (or material) thing that can satisfy wants. (Some consider services to be one kind of good.)

31. gross national product. The total value at current market prices of all final goods and services produced by a nation's economy before deduction and depreciation charges and other allowances for business and institutional consumption of durable capital goods.

32. income. Payments received in the form of money, goods or services.

33. inflation. A disproportionately large and relatively sudden increase in the general price level.

34. interdependence. Reliance upon one another for economic needs.

35. interest. A sum paid or calculated for the use of money. The sum is usually expressed in terms of a rate or percentage of the capital involved, called the interest rate.

36. land. Natural resources. The factor of production which receives rent as its share of the income.

37. law of comparitive advantage. The principle that a nation will benefit by concentrating on producing and exporting those things in which it has the greatest relative efficiency, and importing goods in which it is relatively inefficient.

38. loan. A sum of money borrowed from a lender at the prevailing rate of interest.

39. market. A place or situation in which goods, services or money can be exchanged. (Not necessarily a physical thing or particular place, such as a supermarket. Can be a situation, such as the "securities market" which refers to the general exchange of stocks and bonds in many parts of the world.)

40. member bank. A commercial bank that is a member of the Federal Reserve System. All national banks (chartered by the Federal government) are members and any state chartered bank that has applied and been accepted as a member. By law, member banks must hold reserves (consisting of vault cash and deposits with the Federal Reserve Bank) equal to a percentage of its customer deposits. Approximately 50% of the commercial banks in the country are members. They hold nearly 85% of the banking assets in the nation.

41. monetary policy. Action by the Federal Reserve System to influence the supply of money and credit in the United States.

42. money. Anything generally accepted in exchange for other goods or services, hence, a customary medium of exchange. Money is also customarily used as a measure of, and a means of storing value.

43. money supply. Coin, currency and demand deposits in commercial banks. Approximately 90% of the money supply is represented by demand deposits; coin and currency constitute the remainder.

44. price. The amount of money which indicates the exchange value of a good or service.

45. production. The creation of goods or services which directly or indirectly satisfy wants. The transforming of resources into goods or services.

46. profit. The difference between a firm's revenue (the amount received from the sale of its output) and its costs. (Losses are "negative profits.") The amount remaining after land, labor and capital have received their shares of the income. The reward going to the entrepreneur.

47. resources. Anything useful in producing goods and services. Natural, human and capital resources are three different types.

48. scarcity. The situation in which human wants are greater than the productive resources nexessary to satisfy those wants. The basic problem of economics.

49. specialization and exchange. A situation in which people concentrate upon producing the goods and services in which they are most efficient, and trade their surplus output (the output that exceeds their own needs) for the surpluses of other specialists. This can lead to greater efficiency, more output and lower production costs, but can also make one economically dependent upon others.

50. supply. The amount of a good or service that sellers are willing to sell at each price in a particular market at a given time. The relationship between market prices and the amount that producers are willing to sell at those prices.

51. tariff. A tax on imports or exports. (In the U.S. tariff applies only to imports.)

52. tax. A compulsory payment to a unit of government.

53. unemployment. The condition of being unable to find gainful employment when able and willing to work.

54. wages. Payments made for productive human effort. The share of income going to labor.

55. want. A need or desire not necessarily accompanied by the power to satisfy it.

SECTION FIVE

RESOURCE MATERIALS IN ECONOMIC EDUCATION

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What Can Money Do? Barr, Jene; Albert Whitman & Co., Chicago, 1967, (kindergarten).

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*Films, Filmstrips, Recordings and Transparencies

"American Business: Origins and Growth." Recordings, three LP records or cassettes. Social Studies School Service, 10,000 Culver Blvd., Culver City, CA 90230.

Cities at Work. Twelve color filmstrips with six records. Science Research Associates, 259 East Erie St., Chicago, IL 60611.

The City Today and Tomorrow. Three color filmstrips with record, 25 pupil handbooks, teacher's guide, and "Urban Data Cards." Holt, Rinehart and Winston, 383 Madison Avenue, New York, NY 10017.

Crossroads. Color film; sound. Educational Media Services, Inc., 211 East 43 St., New York, NY 10017.

Day in the Life of a Dollar Bill. Color film. Audiovisual Instruction, Coliseum 133, Corvallis, OR 97331.

Dollar Victory. Color filmstrip, with sound. The International Film Bureau, 332 South Michigan Ave., Chicago, IL 60614.

Economics in Our World. Eight color filmstrips, with flash cards, chart and teacher's guide. Teaching Resources Films, Station Plaza, Bedford Hills, NY 10507.

Farmer Don and the City. Color or black and white film. Film Associates, 11014 Santa Monica Blvd., Los Angeles, CA 90025.

Homes in the City. Color filmstrip. Curriculum Materials Center, 5128 Venice Blvd., Los Angeles, CA 90035.

How Money and Credit Help Us. Color filmstrip, with teacher's guide. Benefic Press.

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